



# Financial Results for the Year Ended March 31, 2014

Conference in Tokyo (May 13, 2014)  
**NIKON CORPORATION**

Forward-looking statements for earnings and other performance data contained herein are based on information currently available to the Company, and all potential risks and uncertainties are taken into account. The Company asks that investors understand that changes in conditions may cause actual performance to significantly differ from these projections.

# Agenda

- I . **Financial Results for the Year Ended  
March 31,2014**
- II . Estimation for the Year Ending  
March 31,2015
- III . Reference Data

# Summary for the Year Ended March 31, 2014



◆ Precision Equipment Company recorded higher sales and profit YoY. Imaging Company ended with reduced sales but higher profit. Overall performance posted 3% sales reduction and 23% operating income increase.

## Precision Equipment Company:

Both Semiconductor Lithography Systems\* and FPD Lithography Systems\* increased sales volume, recording YoY sales and profit hike of 15% and 54%, respectively.

## Imaging Company:

Sales is down 9% due to lingering stagnation of camera markets mainly in Europe and China, but the profit increased 6%. Optimization of product mix in entry class SLR cameras and thorough cost reduction activities contributed to the recovery of operating income ratio from 5.1% in the 2<sup>nd</sup> half of FY3/2013 to 8.8% in the 1<sup>st</sup> half and 10.0% in the 2<sup>nd</sup> half, averaging the annual 9.4% rate.

## Instruments Company:

Bioscience saw the higher sales thanks to public spending increase, and Industrial Instruments recorded sales growth of 20% and less operating deficit YoY by expanding sales volume of non-contact 3D measurement systems and X-ray inspection systems.

## ◆ Achievement of Management Measures Committee (Cost reduction target: ¥20 billion)

The cost reduction target was achieved by slashing mainly procurement cost and advertising expense of Imaging Company and by improving efficiency of R&D cost allocation.

## ◆ Dividend at FY end: 22 yen; annual dividend: 32 yen

\* Effective April 2014, IC steppers and scanners are called Semiconductor Lithography Systems and LCD steppers and scanners are called FPD Lithography Systems.



# Financial Highlights for the Year Ended March 31, 2014

Billions of yen	2013/3 (A)	1H 2H	Previous est. as of Feb. 6(B)	1H 2H	2014/3 Actual (C)	1H 2H	Change (C)-(A)	Change (C)-(B)
<b>Net Sales</b>	<b>1010.4</b>	<u>497.2</u> 513.2	<b>1015.0</b>	<u>470.4</u> 544.6	<b>980.5</b>	<u>470.4</u> 510.1	<b>-29.9</b>	<b>- 34.5</b>
<b>Operating Income</b> % vs Net Sales	<b>51.0</b> 5.0%	<u>37.1</u> 13.9	<b>65.0</b> 6.4%	<u>21.9</u> 43.1	<b>62.9</b> 6.4%	<u>21.9</u> 41.0	<b>+ 11.9</b>	<b>- 2.1</b>
<b>Ordinary Income</b> % vs Net Sales	<b>48.3</b> 4.8%	<u>39.5</u> 8.8	<b>63.0</b> 6.2%	<u>20.0</u> 43.0	<b>61.7</b> 6.3%	<u>20.0</u> 41.7	<b>+ 13.4</b>	<b>- 1.3</b>
<b>Net Income</b> % vs Net Sales	<b>42.4</b> 4.2%	<u>32.0</u> 10.4	<b>50.0</b> 4.9%	<u>13.6</u> 36.4	<b>46.8</b> 4.8%	<u>13.6</u> 33.2	<b>+ 4.4</b>	<b>- 3.2</b>
<b>FCF</b>	<b>-13.2</b>		<b>40.0</b>		<b>70.9</b>		<b>+ 84.1</b>	<b>+ 30.9</b>
<b>Exchange Rate:</b>							Impact on Net Sales:	
<b>US\$</b>	<b>83yen</b>	<u>79</u> 87	<b>100yen</b>	<u>99</u> 100	<b>100yen</b>	<u>99</u> 102	<b>+128.1</b>	<b>+ 4.3</b>
<b>EURO</b>	<b>107yen</b>	<u>101</u> 114	<b>133yen</b>	<u>130</u> 136	<b>134yen</b>	<u>130</u> 139	Impact on Op. Income:	
							<b>+ 37.9</b>	<b>+ 0.9</b>

Precision Equipment Company ended with increased sales and profit. Imaging Company achieved profit increase although sales suffered due to market slump. Overall, sales are down 3% and operating income is up 23% YoY.

\* Values in this slide are rounded off to the nearest 100 million.

# Precision Equipment Company



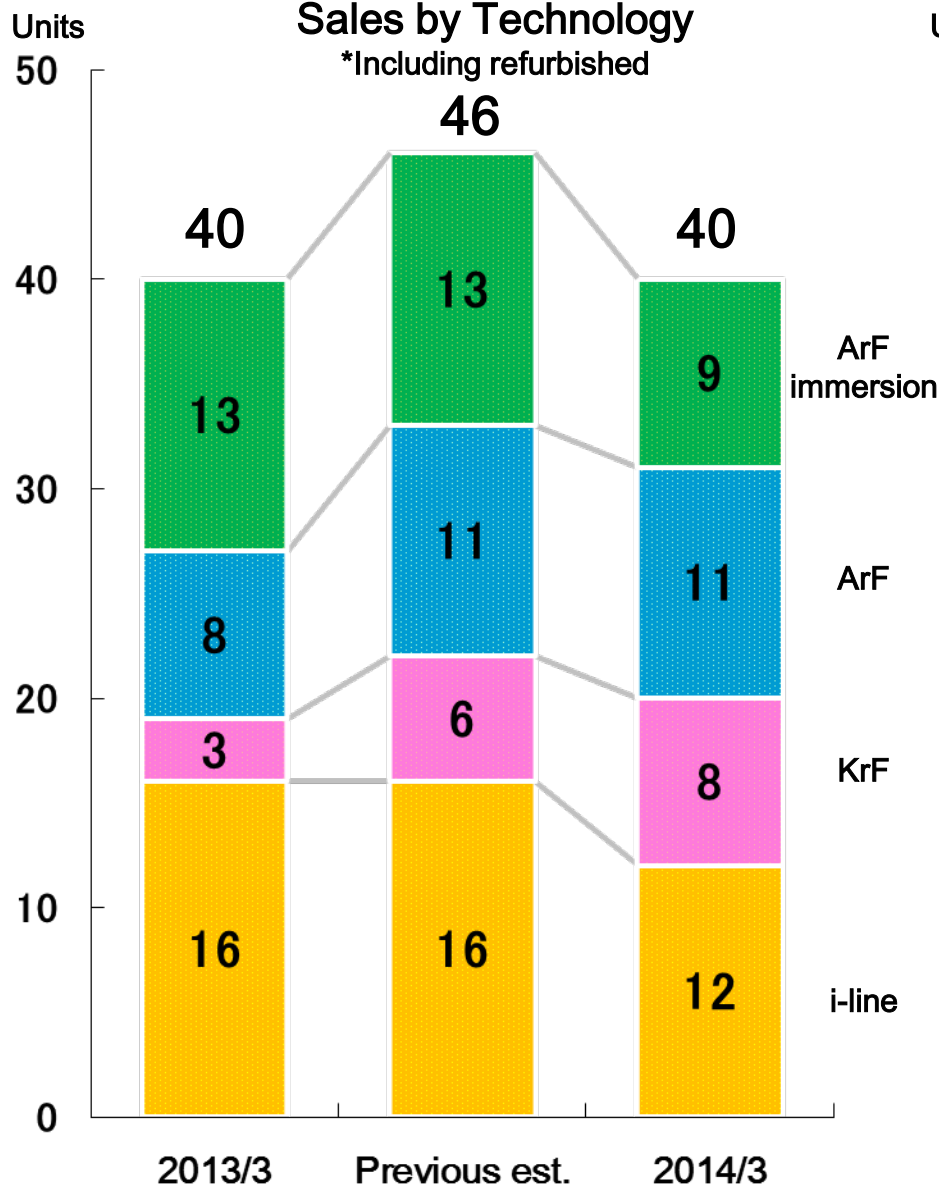
Billions of yen	2013/3 Actual	1H 2H	Previous est. as of Feb. 6	1H 2H	2014/3 Actual	1H 2H
<b>Net Sales</b>	<b>179.0</b>	$\frac{80.4}{98.6}$	<b>215.0</b>	$\frac{79.8}{135.2}$	<b>205.4</b>	$\frac{79.8}{125.6}$
<b>Operating Income</b> % vs Net Sales	<b>13.0</b> 7.3%	$\frac{7.2}{5.8}$	<b>19.0</b> 8.8%	$\frac{3.7}{15.3}$	<b>20.0</b> 9.7%	$\frac{3.7}{16.3}$
<b>Semiconductor Lithography Systems</b> New / Refurbished (units sold)	<b>25/15</b>	$\frac{9/5}{16/10}$	<b>36/10</b>	$\frac{10/2}{26/8}$	<b>32/8</b>	$\frac{10/2}{22/6}$
<b>FPD Lithography Systems</b> (units sold)	<b>43</b>	$\frac{25}{18}$	<b>55</b>	$\frac{35}{20}$	<b>56</b>	$\frac{35}{21}$
<b>Semiconductor Lithography Systems</b> Market Scale CY12/13	<b>222</b> units		<b>209</b> units		<b>209</b> units	
<b>FPD Lithography Systems Market Scale</b> CY12/13	<b>66</b> units		<b>73</b> units		<b>73</b> units	

Compared with the previous year, 7 more new Semiconductor Lithography Systems and 13 more FPD Lithography Systems were sold, reaching ¥205.4 billion sales, up 15%, and ¥20 billion operating income, up ¥7 billion.

## Semiconductor Lithography Systems

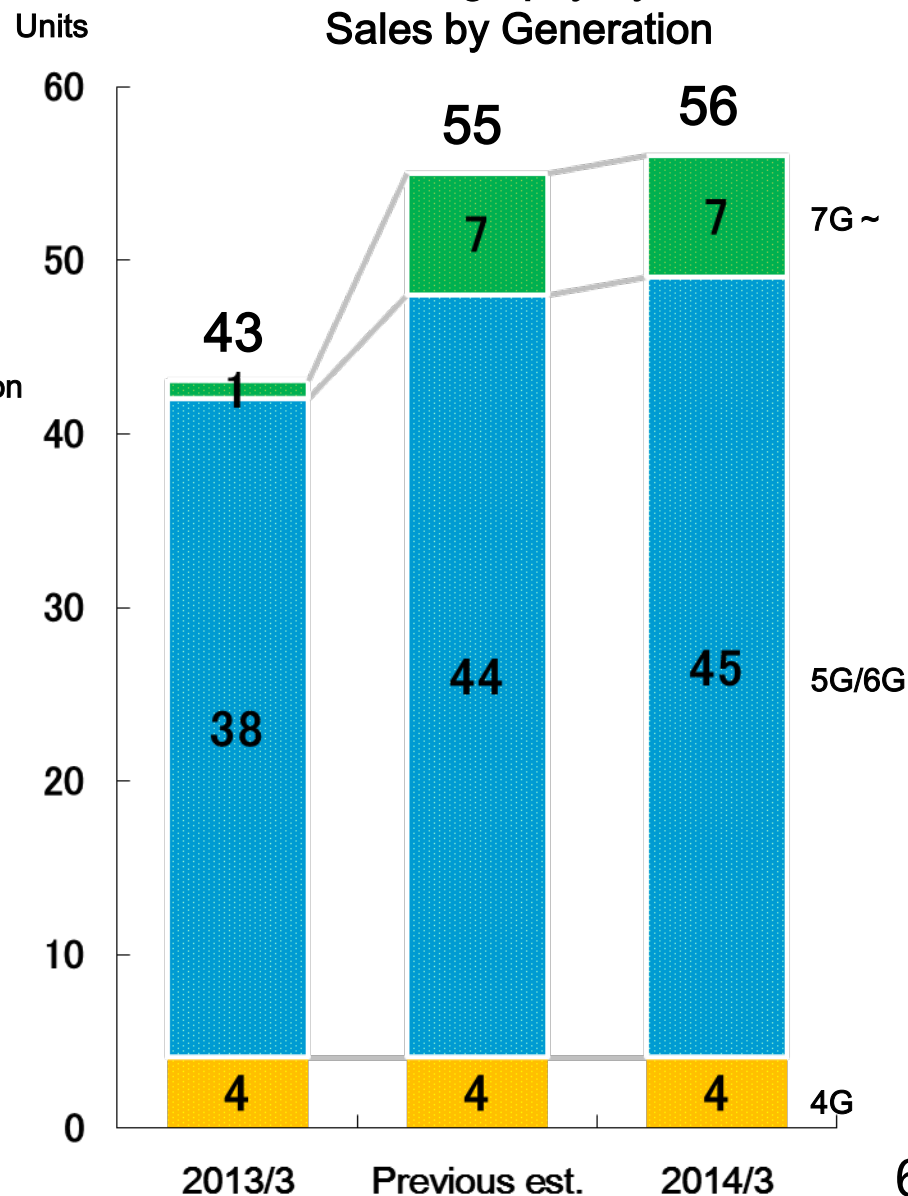
### Sales by Technology

\*Including refurbished



## FPD Lithography Systems

### Sales by Generation



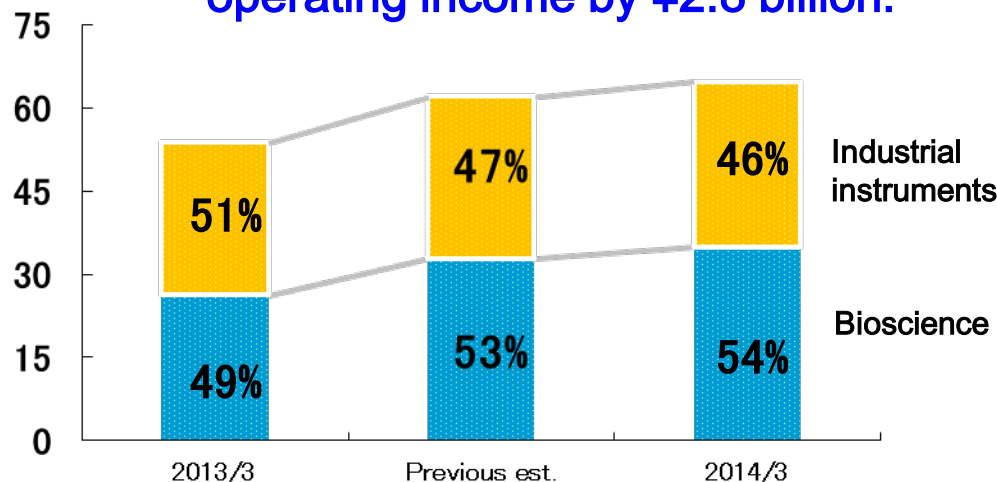
Billions of yen 1,000 of units sold	2013/3 Actual	1H 2H	Previous est. as of Feb. 6	1H 2H	2014/3 Actual	1H 2H
<b>Net Sales</b>	<b>751.2</b>	<u>381.0</u> 370.2	<b>710.0</b>	<u>352.5</u> 357.5	<b>685.4</b>	<u>352.5</u> 332.9
<b>Operating Income</b> % vs Net Sales	<b>60.7</b> 8.1%	<u>41.8</u> 18.9	<b>68.0</b> 9.6%	<u>30.9</u> 37.1	<b>64.2</b> 9.4%	<u>30.9</u> 33.3
Digital camera – Interchangeable Lens Type	<b>6,980</b>	<u>3,450</u> 3,530	<b>6,000</b>	<u>2,980</u> 3,020	<b>5,750</b>	<u>2,980</u> 2,770
Interchangeable Lens	<b>9,710</b>	<u>4,770</u> 4,940	<b>8,400</b>	<u>4,200</u> 4,200	<b>8,230</b>	<u>4,200</u> 4,030
Compact DSC	<b>17,140</b>	<u>8,260</u> 8,880	<b>11,500</b>	<u>5,800</u> 5,700	<b>11,160</b>	<u>5,800</u> 5,360
D-CIL Market Scale	<b>19,230</b>		<b>17,200</b>		<b>16,780</b>	
IL Market Scale	<b>29,640</b>		<b>27,000</b>		<b>26,280</b>	
C-DSC Market Scale	<b>68,080</b>		<b>43,500</b>		<b>41,180</b>	

Camera market conditions in Europe and China were worse than our previous forecast, falling short of achieving the volume, sales, and operating income targets. But, YoY profit increase was secured through product mix optimization and cost reduction measures.

Billions of yen	2013/3 Actual	1H 2H	Previous est. as of Feb. 6	1H 2H	2014/3 Actual	1H 2H
Net Sales	<b>53.8</b>	<u>23.7</u> 30.1	<b>62.0</b>	<u>26.0</u> 36.0	<b>64.7</b>	<u>26.0</u> 38.7
Operating Income % vs Net Sales	<b>-4.9</b> - %	<u>-2.9</u> -2.0	<b>-2.0</b> - %	<u>-3.4</u> 1.4	<b>-2.1</b> - %	<u>-3.4</u> 1.3

Thanks to market recovery for bioscience and industrial instruments, sales grew 20% from the year before, improving the operating income by ¥2.8 billion.

Billions of yen



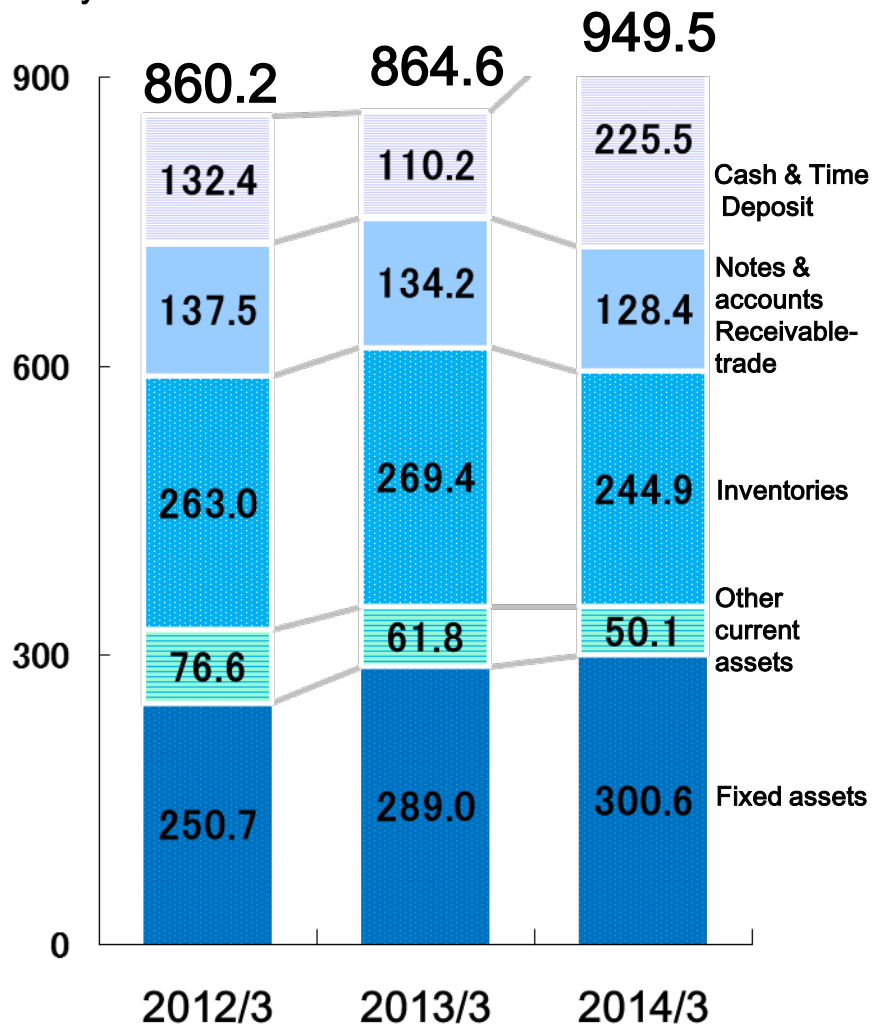


# Balance Sheet



## Assets

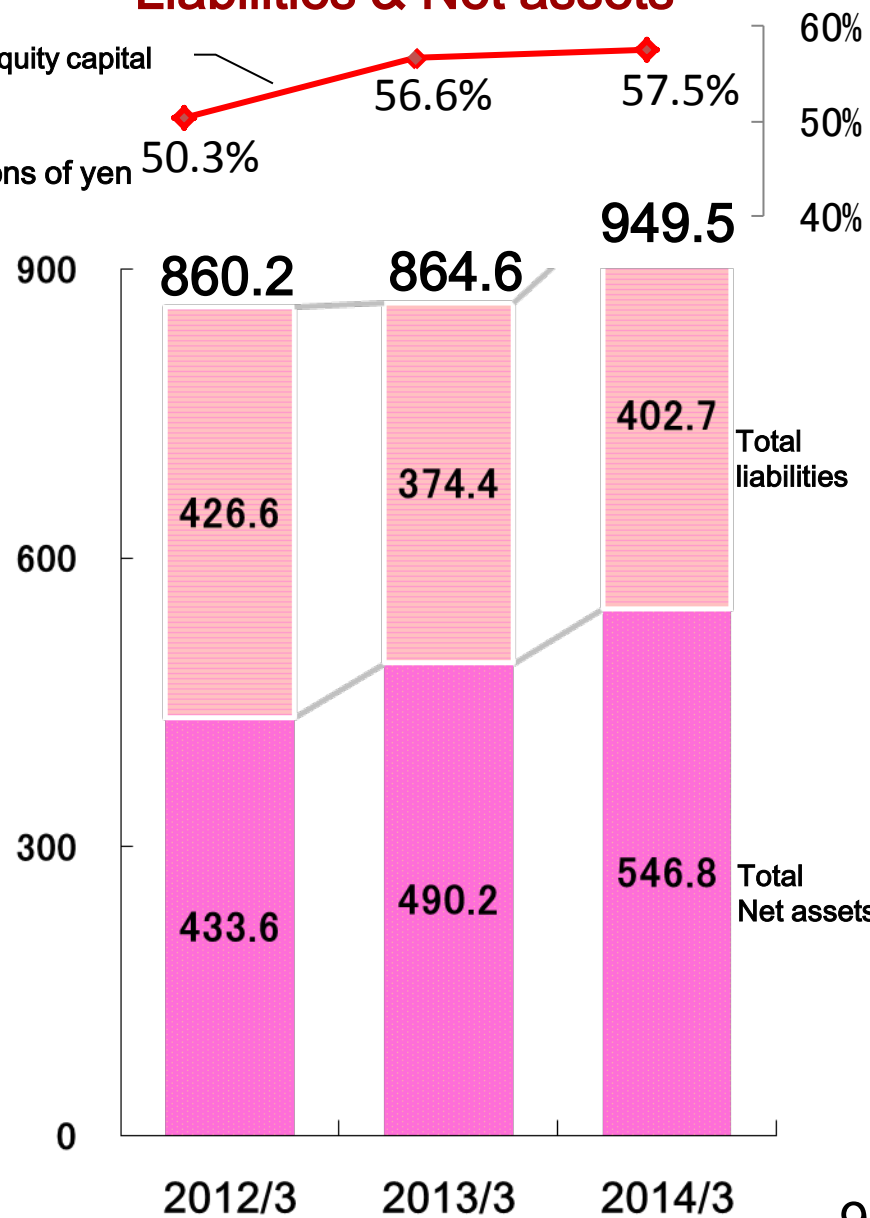
Billions of yen



## Liabilities & Net assets

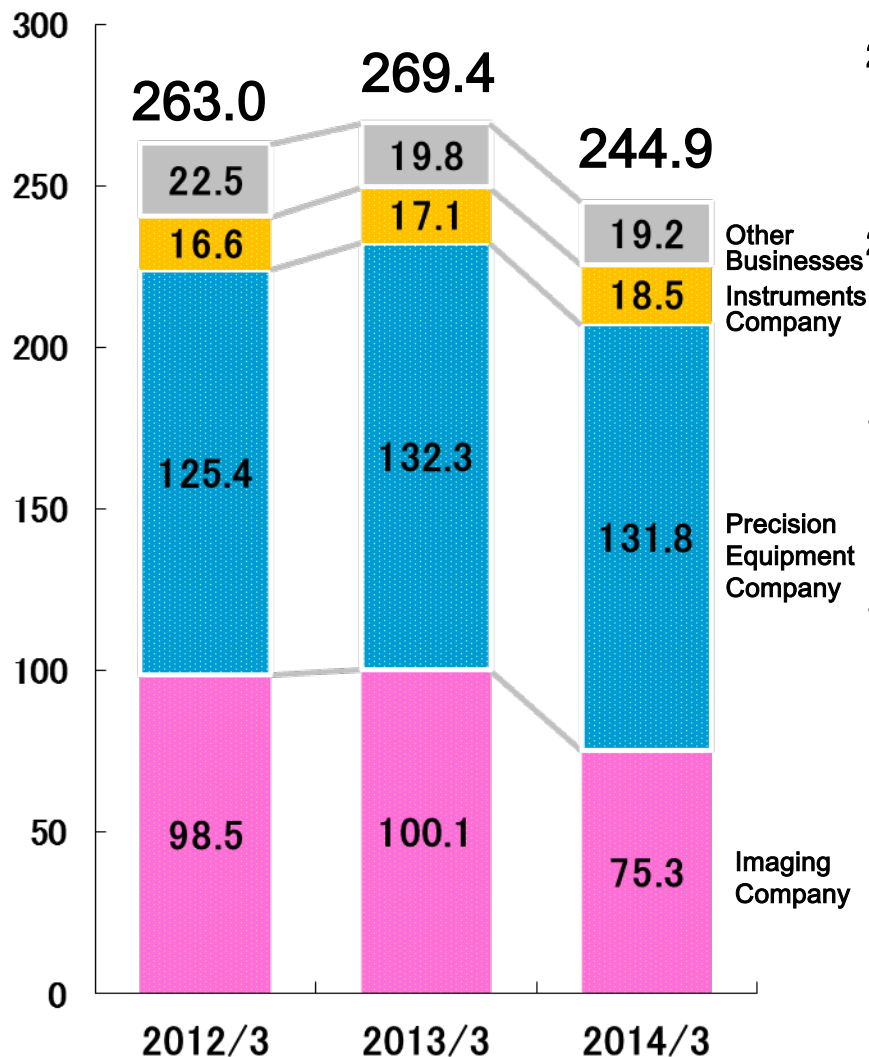
Ratio of equity capital

Billions of yen



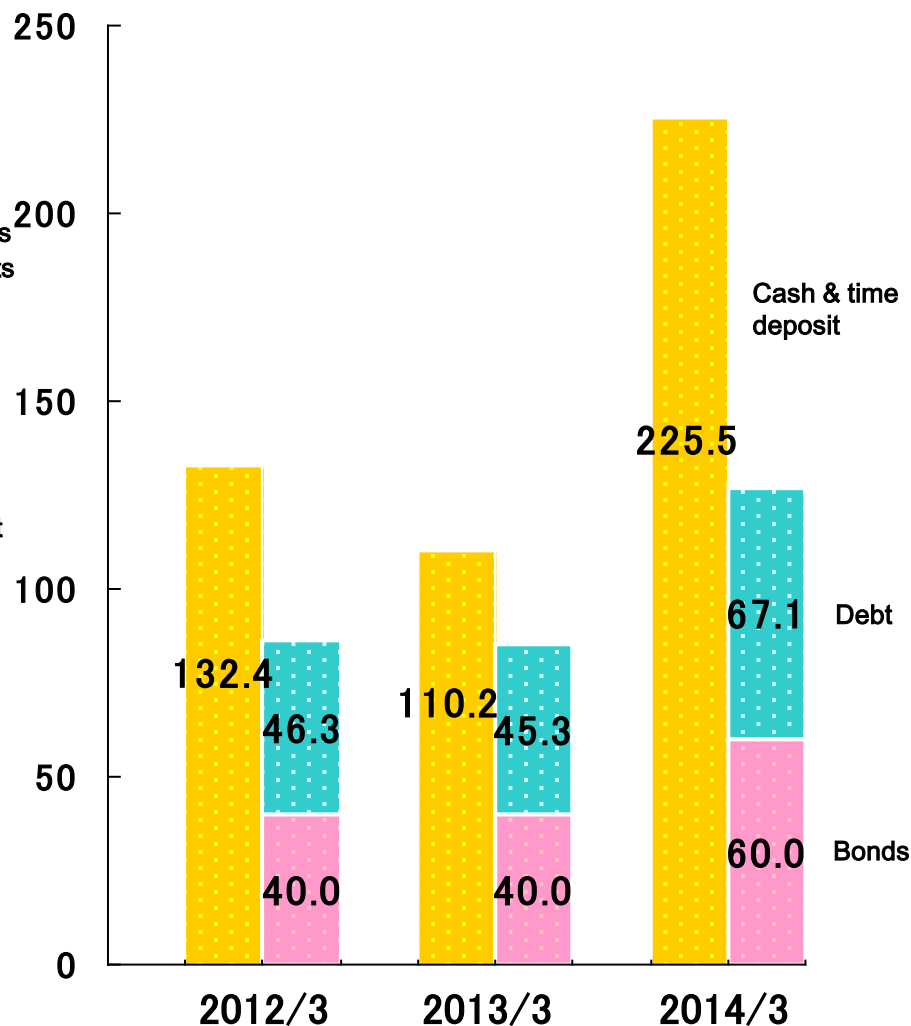
## Inventories

Billions of yen



## Interest-bearing Debt and Cash & Time Deposit

Billions of yen



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# Summary of Estimation for the Year Ending March 31, 2015

◆ Precision Equipment Company expects to perform as in the previous year while Imaging Company foresees reduced sales and higher profit. Instruments Company aims to achieve sales hike and profitable year.

Overall sales will be down 4%. Though existing business segments strive to improve the operating profit, expenses related to new businesses will be increased, and the profit stays flat.

## Precision Equipment Company:

ArF immersion scanner sales are expected to grow in Semiconductor Lithography Systems, but the sales volume reduction of FPD Lithography Systems are foreseen due to market shrinkage. Same levels of sales and operating income as the previous year are planned.

## Imaging Company:

Market downturn continues for digital camera-interchangeable lens type and compact DSC. 1<sup>st</sup> half still faces the unfavorable market condition, but the recovery is expected in the 2<sup>nd</sup> half. Sales forecast is lowered 8% but increase of operating income is forecasted.

## Instruments Company:

Worldwide public spending will not increase for Bioscience, but sales increase is attempted by expanding the market share. In Industrial Instruments, efforts are made to increase the sales of products for automobile and aviation industries as well as semiconductors and electronic components. It is estimated to report sales growth of 8% and return to the black.

◆ Estimated annual dividend per share: 32 yen (interim dividend: 10 yen)

# Estimation for the Year Ending March 31, 2015



Billions of yen	2014/3 Actual	<u>1H</u> 2H	2015/3 Estimation	<u>1H</u> 2H	Change
Net Sales	980.5	<u>470.4</u> 510.1	940.0	<u>410.0</u> 530.0	- 40.5
Operating Income % vs Net Sales	62.9 6.4%	<u>21.9</u> 41.0	63.0 6.7%	<u>10.0</u> 53.0	+ 0.1
Ordinary Income % vs Net Sales	61.7 6.3%	<u>20.0</u> 41.7	66.0 7.0%	<u>12.0</u> 54.0	+ 4.3
Net Income % vs Net Sales	46.8 4.8%	<u>13.6</u> 33.2	45.0 4.8%	<u>8.0</u> 37.0	- 1.8
FCF	70.9		40.0		- 30.9
Exchange Rate:					
US\$	100yen	<u>99</u> 102	100yen		Impact on Net Sales Approx. + 9.6
EURO	134yen	<u>130</u> 139	140yen		Impact on Op. Income Approx. + 6.6

Profitability improvement is focused amid the challenging business environment to maintain the same level of operating income as the previous year.

# Estimation for Precision Equipment Company



Billions of yen	2014/3 Actual	1H 2H	2015/3 Estimation	1H 2H
<b>Net Sales</b>	<b>205.4</b>	<u>79.8</u> 125.6	<b>210.0</b>	<u>70.0</u> 140.0
<b>Operating Income</b> % vs Net Sales	<b>20.0</b> 9.7%	<u>3.7</u> 16.3	<b>19.0</b> 9.0%	<u>-4.0</u> 23.0
<b>Semiconductor Lithography Systems</b> New / Refurbished (units sold)	<b>32/8</b>	<u>10/2</u> 22/6	<b>34/14</b>	<u>10/2</u> 24/12
<b>FPD Lithography Systems</b> (units sold)	<b>56</b>	<u>35</u> 21	<b>34</b>	<u>13</u> 21
<b>Semiconductor Lithography Systems</b> Market Scale CY13/14	<b>209</b> units		Approx. <b>230</b> units	
<b>FPD Lithography Systems</b> Market Scale CY13/14	<b>73</b> units		Approx. <b>55</b> units	

In FPD Lithography Systems, because the investment for high-definition mid/small-sized panels currently reached saturation, market shrinkage and sales reduction are forecasted.

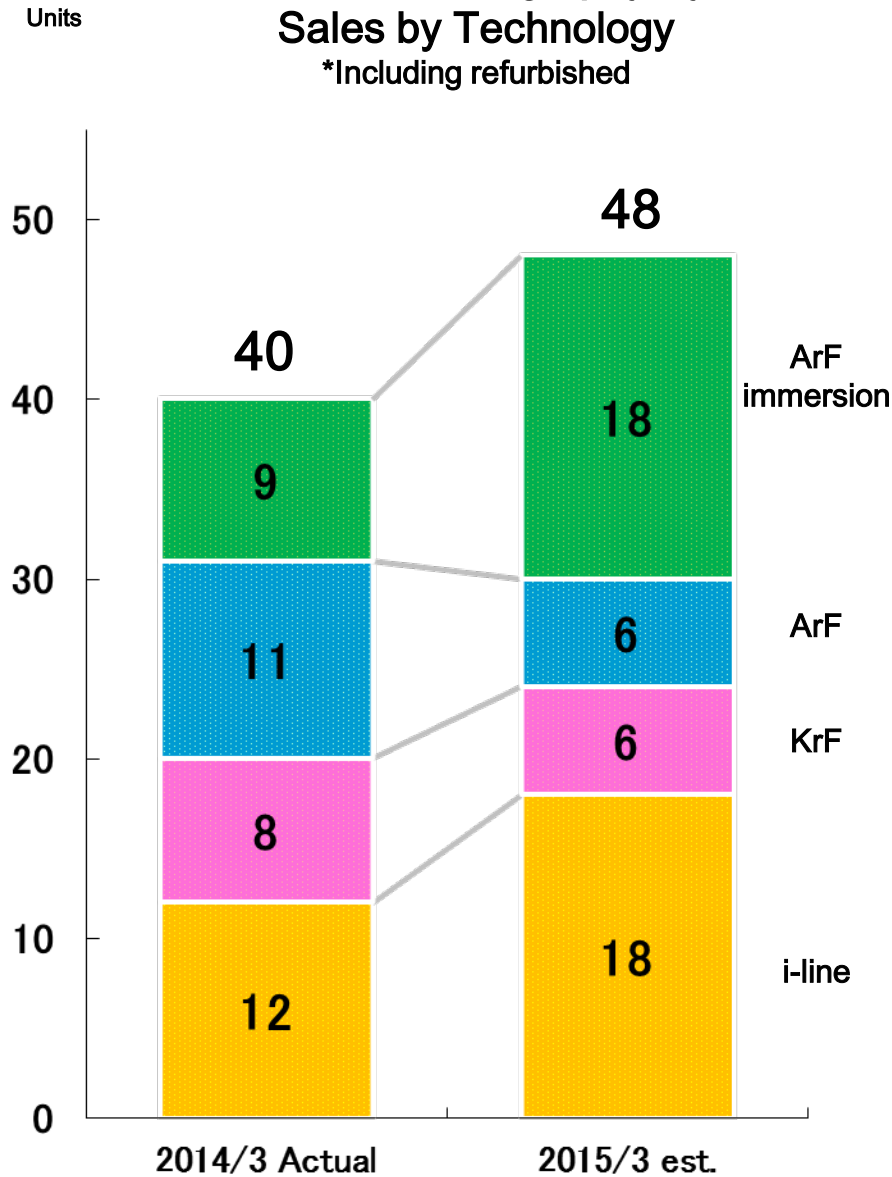
In Semiconductor Lithography Systems, substantial sales expansion of ArF immersion scanners is expected, helping the Company to maintain the same level of performance as the previous year.

# Estimation for Precision Equipment Company

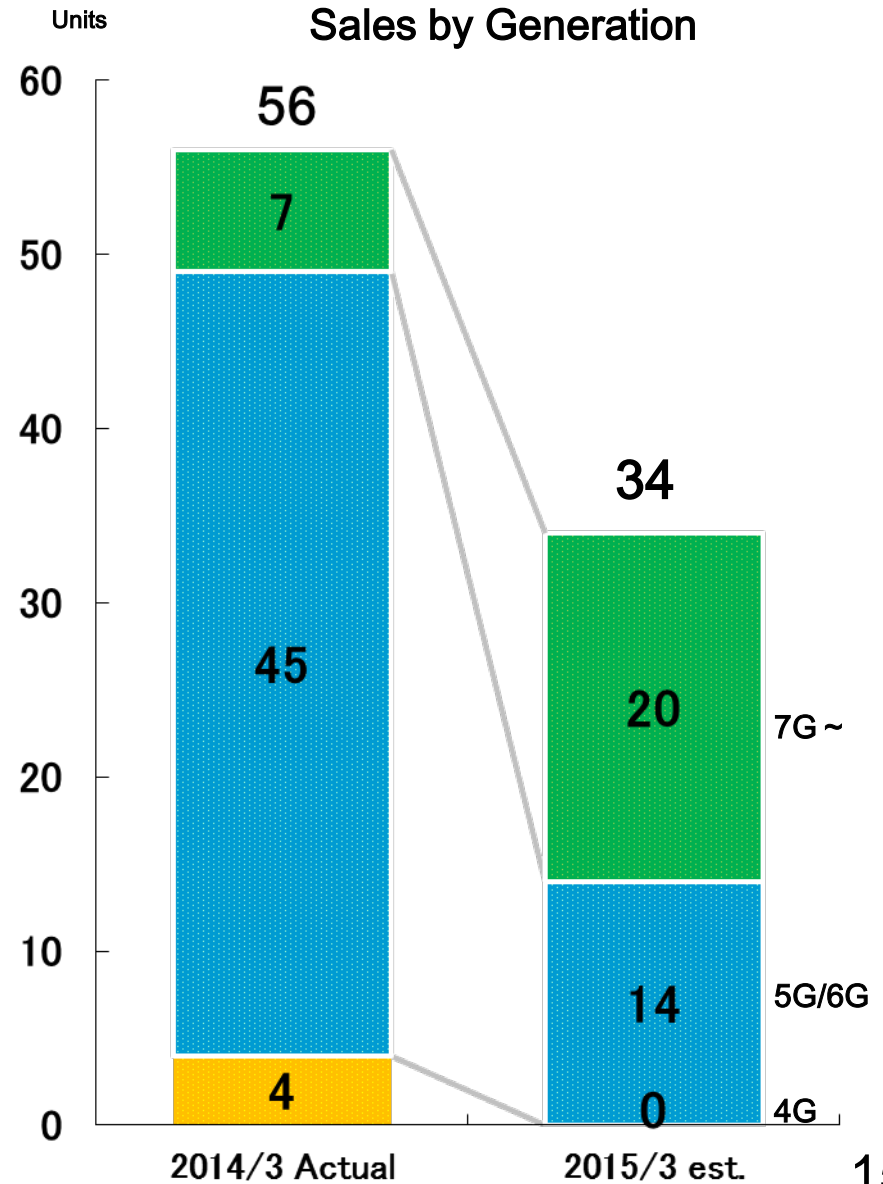


## Semiconductor Lithography Systems Sales by Technology

\*Including refurbished



## FPD Lithography Systems Sales by Generation



# Estimation for Imaging Company

Billions of yen 1,000 of units sold	2014/3 Actual	1H 2H	2015/3 Estimation	1H 2H
<b>Net Sales</b>	<b>685.4</b>	<u>352.5</u> 332.9	<b>630.0</b>	<u>300.0</u> 330.0
<b>Operating Income</b> % vs Net Sales	<b>64.2</b> 9.4%	<u>30.9</u> 33.3	<b>66.0</b> 10.5%	<u>27.0</u> 39.0
Digital camera – Interchangeable Lens Type	<b>5,750</b>	<u>2,980</u> 2,770	<b>5,400</b>	<u>2,550</u> 2,850
Interchangeable Lens	<b>8,230</b>	<u>4,200</u> 4,030	<b>7,450</b>	<u>3,500</u> * <u>3,950</u> *
Compact DSC	<b>11,160</b>	<u>5,800</u> 5,360	<b>9,000</b>	<u>4,100</u> 4,900
D-CIL Market Scale	<b>16,780</b>		<b>15,800</b>	
IL Market Scale	<b>26,280</b>		<b>25,000</b>	
C-DSC Market Scale	<b>41,180</b>		<b>31,000</b>	

Both sales volume of digital camera-interchangeable lens type and compact DSC expect the reduction of 6% and 19% each. Product mix optimization and thorough cost reduction will slightly push up YoY operating income.



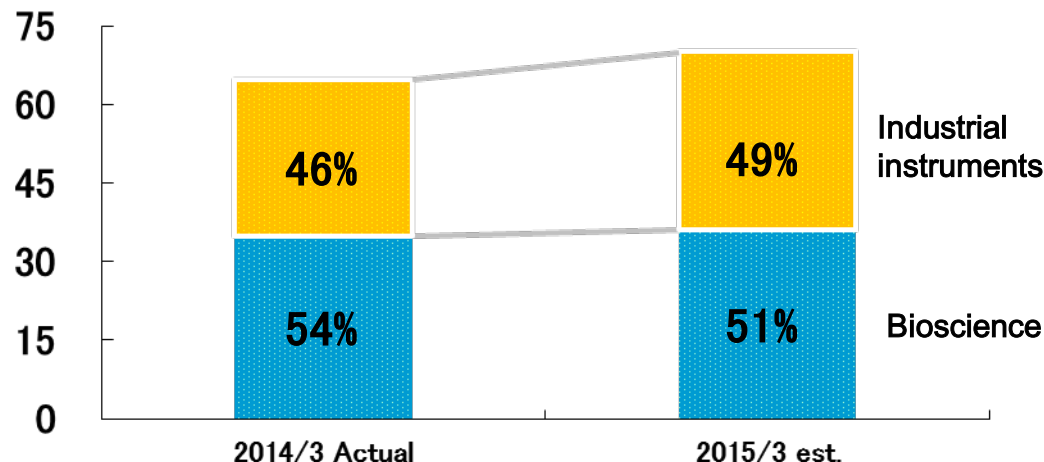
# Estimation for Instruments Company



Billions of yen	2014/3 Actual	1H 2H	2015/3 Estimation	1H 2H
<b>Net Sales</b>	<b>64.7</b>	$\frac{26.0}{38.7}$	<b>70.0</b>	$\frac{30.0}{40.0}$
<b>Operating Income</b> % vs Net Sales	<b>-2.1</b> -%	$\frac{-3.4}{1.3}$	<b>1.0</b> 1.4%	$\frac{-2.0}{3.0}$

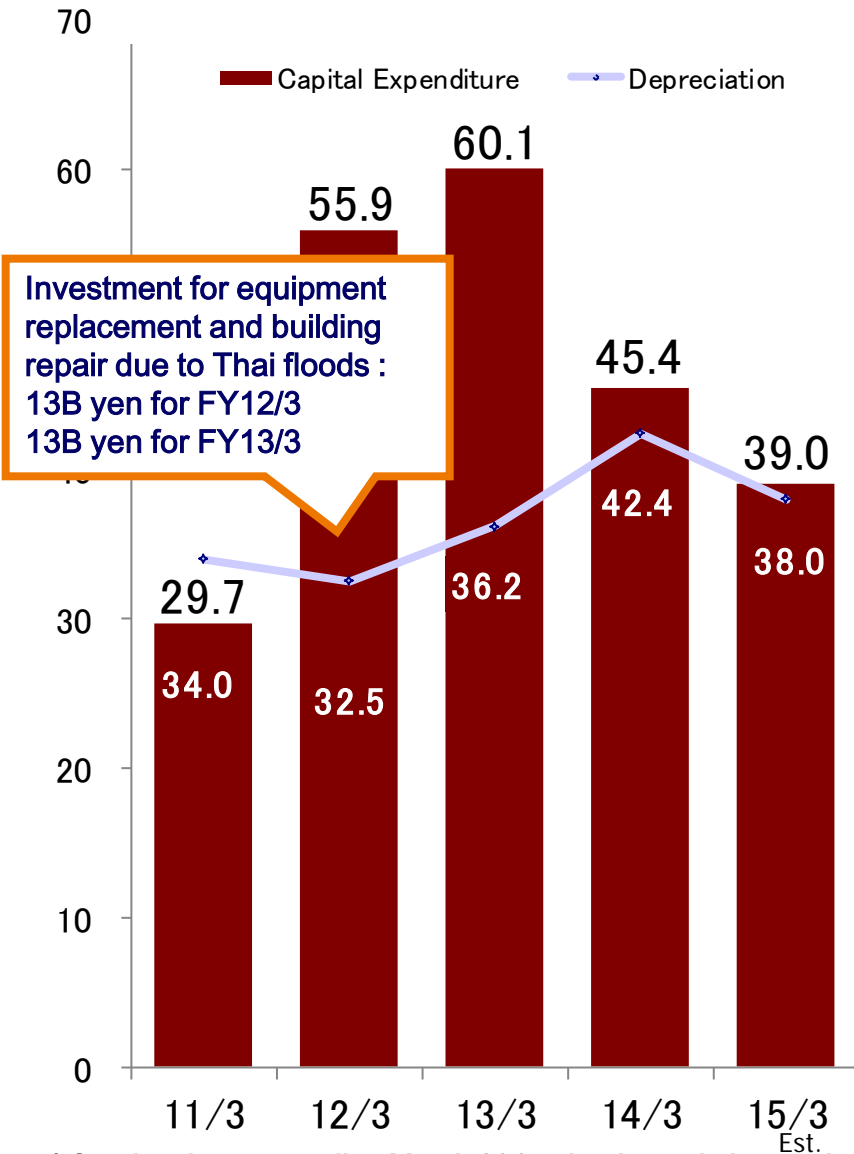
Both in Bioscience and Industrial Instruments, the resource is directed toward Asia in a bid to increase sales and return to the black.

Billions of yen

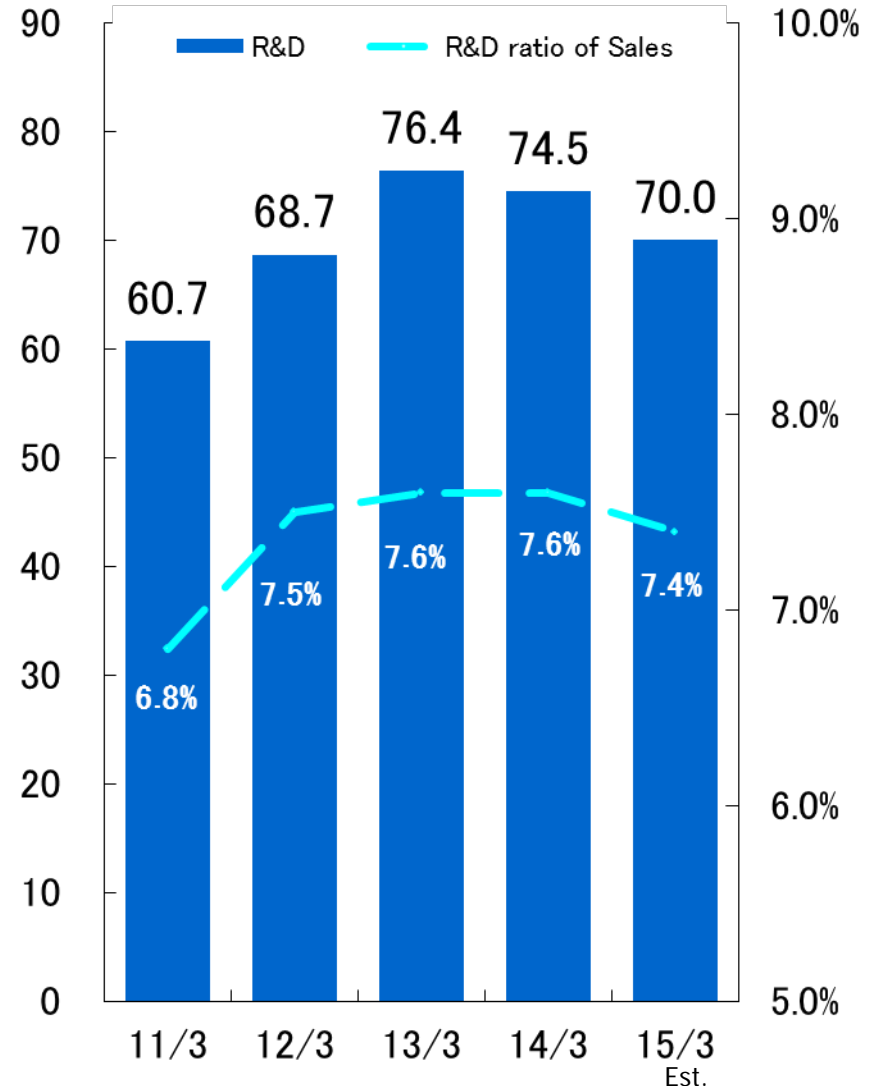


# Estimation for Capital Expenditure, Depreciation and R&D

Billions of yen [Capital Expenditure & Depreciation]



Billions of yen [R&D]



\* Starting the year ending March 2015, the depreciation method of the Nikon Group is standardized to the straight line method.

# Agenda

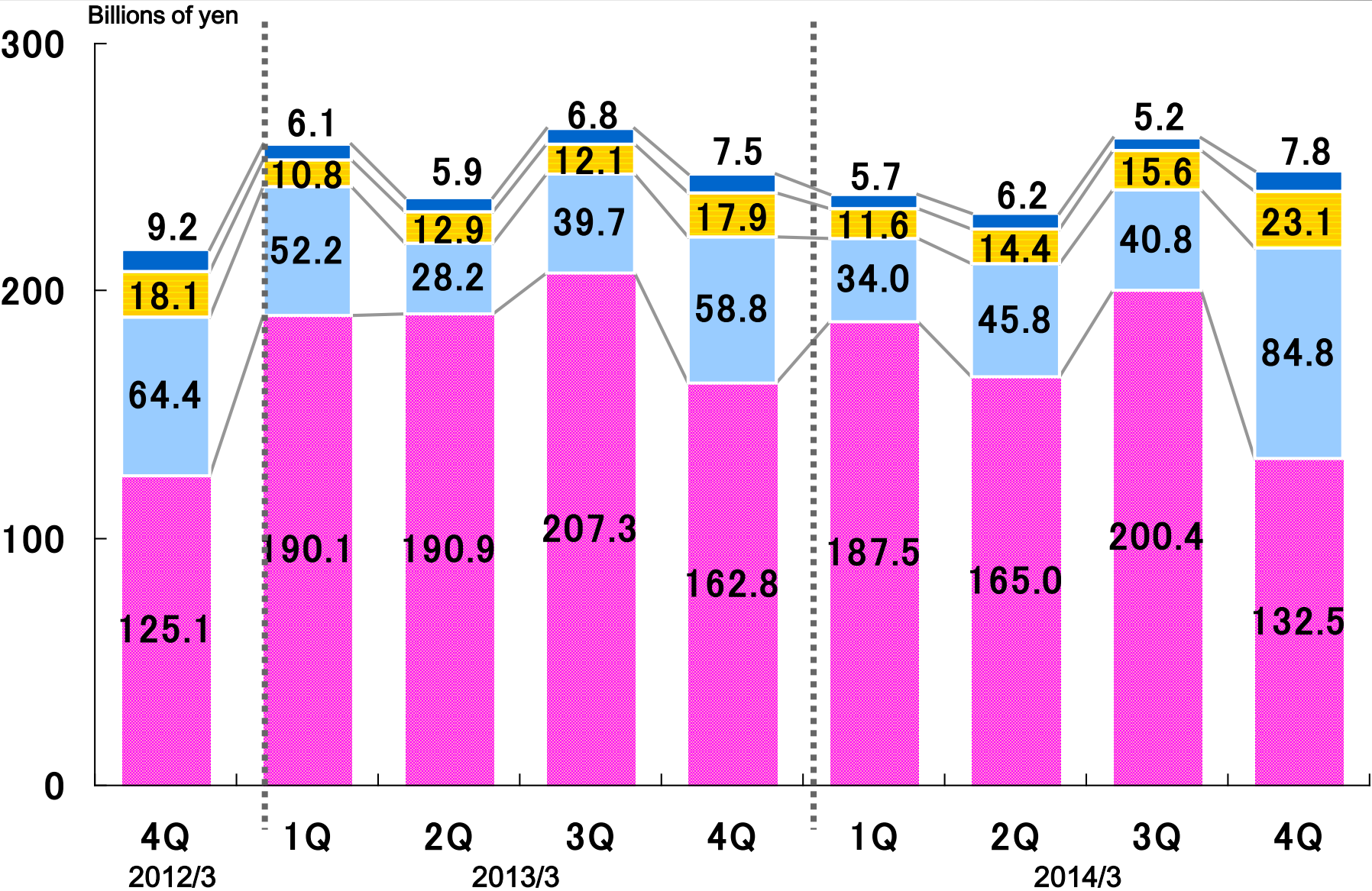
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# Exchange Rate

## 2015/3 Estimation

	Exchange Rate	Financial Impact from Fluctuation by 1 yen	
	2015/3 Forecast	Net Sales	Operating Income
US \$	<b>100</b> yen	Approx. <b>4.2</b> billion yen	Approx. <b>0.3</b> billion yen
EURO	<b>140</b> yen	Approx. <b>1.6</b> billion yen	Approx. <b>1.1</b> billion yen

# Quarterly Net Sales by Segments



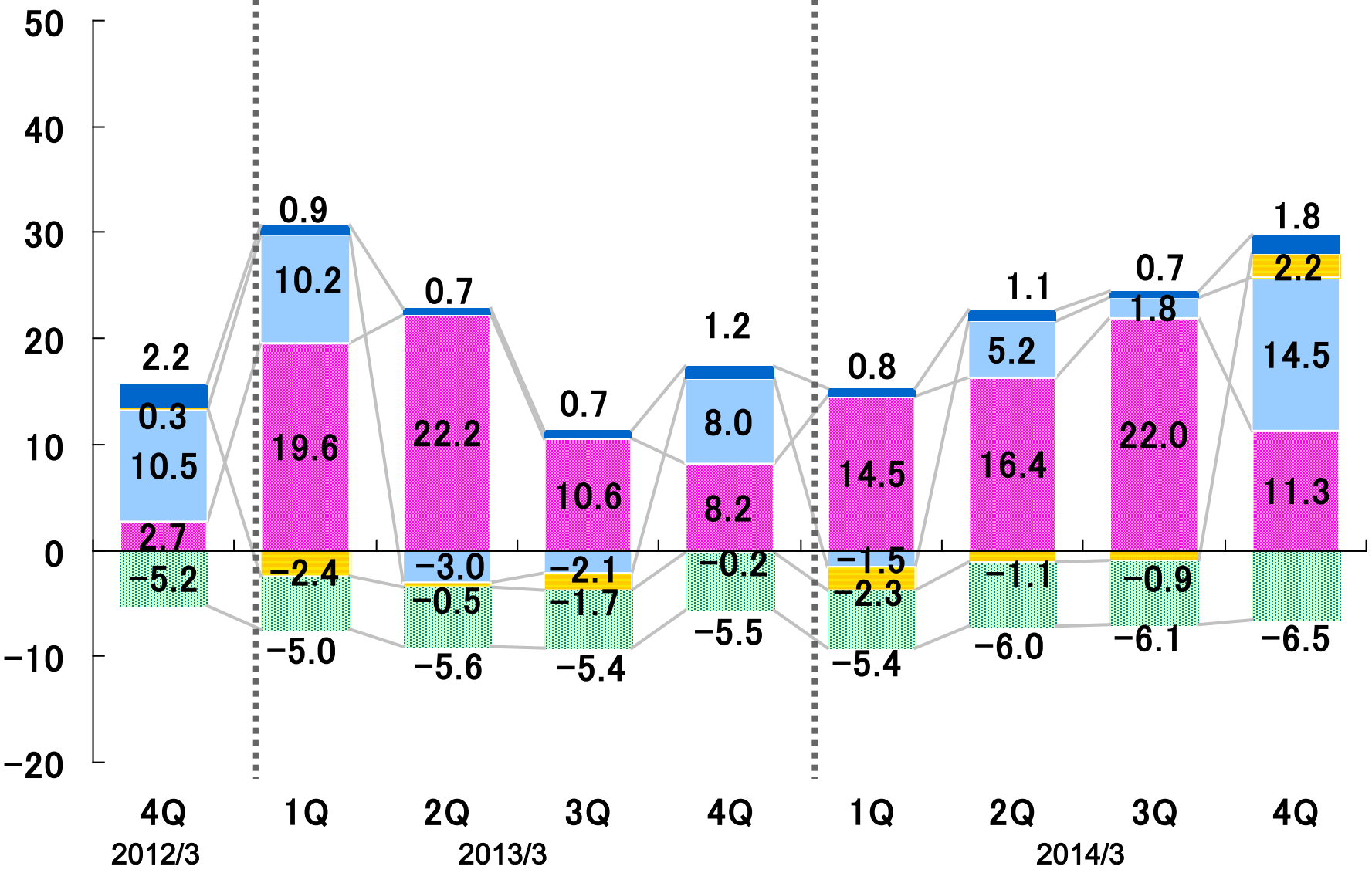
■ Imaging Company   ■ Precision Equipment Company   ■ Instruments Company   ■ Other Business

\* Amounts in this statement are rounded down to the hundred million: the sum of breakdown values may not match the total.

# Quarterly Operating Income by Segment



Billions of yen



■ Imaging Company ■ Precision Equipment Company ■ Instruments Company ■ Other Business ■ Corporate Expenses

\* Amounts in this statement are rounded down to the hundred million: the sum of breakdown values may not match the total.



**NIKON CORPORATION**